# SOUTH AMERICA ENVIRONMENT, SCIENCE, TECHNOLOGY, AND HEALTH NEWSLETTER

#### South America: Banks start to take financing of sustainable projects seriously\* By Felipe Aldunate

A mining project is postponed because of indigenous community's protests in Peru. A highway project is suspended in Cundinamarca, Colombia because it affects water resources. Dams are paralyzed in Brazil due to protests from environmental organizations, and a thermoelectric project is rejected in northern Chile because of public uproar, expressed through social networks, on the impact it will have on a marine reserve declared as national heritage.

Social and environmental issues have become one of the main sources

of risk of big investment projects in Latin America. And banks could be

one of the main victims.

the crisis.

177<sup>th</sup> issue, January 3, 2010

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Chilean banks learned too late that some salmon fish farms were infected with the ISA virus, and because of poor environmental practices, they ended up spreading the virus to a large part of the country's salmon production. Chilean banks had already invested more than US\$ 1,600 million in loans for the industry; and although it was not all lost, it was obvious that the level of risk increased following

These issues led to the Ecuador Principles for Financial Institutions, a set of guidelines to analyze financing of projects that might have a social and environmental impact. These were created in 2003 by a group of global banks - Citigroup, ABN-Amro, Barclays and WestLB - based on the environmental model from the World Bank and the social policies from the International Finance Corporation (IFC).

Up until now, 70 large global banking institutions have adopted the standards. Only 9 of these banking institutions are from Latin America, six of them commercial banks - Banco Bradesco (Brazil), Banco

Galicia (Argentina), Bancolombia (Colombia), CIFI (Costa Rica), Corpbanca (Chile), and Itau-Unibanco (Brazil) – and three are government ones – Banco Republica (Uruguay), Banco do Brazil and Caixa Economica Federal (Brazil) -. Three Mexican banks (one private and two government) are advanced in the process of adoption of these principles. "For many small and medium sized banks it does not make business sense to adopt the Ecuador

and Social policies from the IFC, a unit of the World Bank that works with the private sector. "Nevertheless, there is a large number of big players in the region that are exposed to a high degree of social and environmental risk that do not follow these guidelines. Some of these are big government

Principles as these do not finance complex projects", says Piotr Mazurkiewicz, officer of Environmental

owned development banking institutions". As a matter of fact, BNDES, the largest Brazilian development Bank, whose project financing surpasses even that of the Inter American Development Bank (IDB), is one that has not yet adhere to these guidelines. Read more at: http://rankings.americaeconomia.com/2010/bancos-americalatina2010/dinero con principios.php

Peru: Tendency for Green Building Construction Gains Steam\* By Sandro Medina Tovar

### Given its direct impact on Climate Change, the construction sector is moving towards the development of housing projects with the least



negative impacts it will generate" says architect Elda Silva, from Integrated Building Resources for Innovative Design (IBRID). What exactly is a Green Building? Silva mentions that "For a building to

be named Green, it requires changes that go from the design stage to its maintenance. During its construction, for example, materials used are onsidered according to the impact this will have on the environment. Energy savings, location, water use, interior atmosphere quality, regional priorities, etc, are all also taken into account."

negative impact on the planet, a concept dubbed as Green Buildings.

"Based on the impact of construction sector on climate change, the sooner the implementation of large building projects changes, the lesser

on Green building constructions. "Out of the 20 initial projects, there are now over 100 that have all started within the last four years. In Peru, six more projects have been registered this year, and more are expected for 2011". Read more at: <a href="http://elcomercio.pe/impresa/notas/tendencia-construccion-edificios-verdes-toma-impulso/20101223/688267">http://elcomercio.pe/impresa/notas/tendencia-construccion-edificios-verdes-toma-impulso/20101223/688267</a>

The expert said that during the last four years, in Latin America, a growing trend has been established

More than 1,000 km of roads will have to be carved out of primary and secondary forests to build the

Brazil/Peru: Sacrificing the Rainforest on the Altar of Energy

## dams and power plants and put up power lines, says a study carried out by engineer José Serra for Pro-Naturaleza, a leading conservation organisation in Peru.

The dams to be built under the agreement signed by the two South American nations in June will have a projected potential of 7,200 megawatts. The energy complexes include the Inambari dam, to be built where the provinces of Cuzco, Madre de Dios and Puno converge in the Amazon rainforest in southeastern Peru. The hydropower project will be the largest in Peru and the fifth largest in Latin America.

The next in size will be Paquitzapango on the Ene river in the central province of Junín, home to the Asháninka Indians. The other three projected dams are Mainique 1 in Cuzco, and Tambo 40 and Tambo 60, in Junín. The total combined investment is estimated at between 13.5 and 16.5 billion dollars. Serra's study, "Inambari: la urgencia de una discusión seria y nacional" (Inambari: the urgent need for a

serious national debate), highlights the great variety of flora and fauna, including endangered and threatened species, in the areas to be flooded. For example, the extremely rare Black Tinamou (Tinamus osgoodi), a threatened species of ground bird, is found in the area where the Inambari dam is to be built. "There will be a serious impact on the Amazon ecosystems," Serra told IPS.

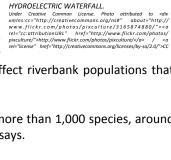
Extrapolating from past developments in the Amazon, he projects that 1,446,000 hectares of well-preserved rainforest will disappear over the next 20 years, as a result of the construction of the five hydropower dams. That estimate takes into account a 10-km strip that would be deforested along each of the roads that have to be built in order to install the transmission towers and power lines. It does not consider fur-

The study mentions a number of impacts for the Inambari and Araza river basins, such as the dams' interruption of the migration of many species of fish upriver to their breeding grounds, which will in turn affect riverbank populations that depend on fish as a staple food. Peru ranks fifth in the world in terms of diversity of fish species, with more than 1,000 species, around 600 of which can be found in the Madre de Dios river alone, the report says. Read more at: <a href="http://ipsnews.net/news.asp?idnews=53975">http://ipsnews.net/news.asp?idnews=53975</a>

Argentina: IDB provides \$200 million loan for science and technology

ther deforestation in areas already degraded by the construction of the Southern Interoceanic Highway, which will link the Amazon jungle state

of Acre in Brazil with several Pacific port cities in Peru.



By Milagros Salazar

The Inter-American Development Bank approved a \$200 million loan to Argentina to support science and technological innovation in the nation's strategic economic sectors.

By George Simmons

Line for Investment Projects (CCLIP) provided by the Bank to Argentina. It follows a \$100 million tranche approved in 2009. The new program will be carried out by the Ministry of Science, Technologym, and Productive Innovation in collaboration with the National Agency for Promoting Science and

PIT II will result in implementation of at least seven major technological innovation projects in strategic sectors, including agribusiness, energy, health and environment. It will also support 500 research projects in science and technology to address regional problems, support emerging companies, and con-

The Technology Innovation Program II (PIT II) is the second tranche of a \$750 million Conditional Credit

Also included will be 11 projects to improve research and development infrastructure that emphasize greater engagement with the private sector and society at large. In addition, the financing will support completion of 15 research programs in strategic areas carried out by consortia of non-profit R&D institutions. Areas of research include the genetic improvement of sun-

PIT II will provide small and medium-size enterprises with grants to cover up to 50 percent of the costs of 180 innovation and technological development projects. Of these, at least 120 must be carried out by companies that have not received previous support from the National Agency for Promoting Science and Technology.

flower and wheat, new therapies and diagnostic systems for cancer, and the development of the use of

Under Creative Common License. Photo attributed to <a href="cell">c</a> with size: "http://creativecommons.org/nst" a bo ut = "http://www.hilck.r.com/photos/pixculture/3165874880">a rel="ccattributionUR" http://www.hilck.r.com/photos/pixculture/"http://www.hilck.r.com/photos/pixculture/"a a = "cell" a = "cell" a = "http://creativecommons.org/licenses/by-so/2.0/">CCC 8Y-SA 2.0/a> a = "b" a = "cell" a = "b" a = Finally, PIT II will expand the portfolio of the Ministry Technology Fund through the creation of a new fund to address the challenges of research and development in the areas of environment and climate change. technology--8565.html

Jan 3-6, 2011

Feb 9-12, 2011

Technology.

solidate scientific gains.

hydrogen as an energy transport vector.

adapt to the changing needs of businesses and researchers," said Pablo Angelelli, project manager. "In the case of Argentina, the Bank has played a key role as an advocate for these changes. Through PIT II, for example, a new tool will be created to finance the incorporation of highly qualified human resources in companies to help them to substantially improve their ability to innovate."

PIT II will finance new instruments to promote business innovation and scientific research. "Agencies promoting innovation in the region must continuously

Read more at: http://www.iadb.org/news-releases/2010-11/english/idb-provides-200-million-loan-to-argentina-for-science-and-**REO Hub and ESTH Outreach** 

ECPA Specialist Dr. Galloway visits Lima to discuss water resource management.

# Jan 3-7, 2011 International Summer Science Summit. Lima-Peru.

International Congress "Environment and Society. National, Regional, and International Approach to Climate Change", Cusco-Peru.

19th Caribbean Geological Conference in Guadeloupe. March, 2011

Addressees interested in sharing any ESTH-related events of USG interest are welcome

to do so. For questions or comments, please contact us at quevedoa@state.gov. \* Free translation prepared by REO staff.

The information contained herein was gathered from news sources from across the region, and the views expressed below do not necessarily reflect those of the Regional Environmental HUB Office or of our constituent posts.